

GCF insight #20

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THINKING

Stakeholder engagement and country ownership in Green Climate Fund projects



March 2022

Insights from project developers & other stakeholders

An independent E Co. study

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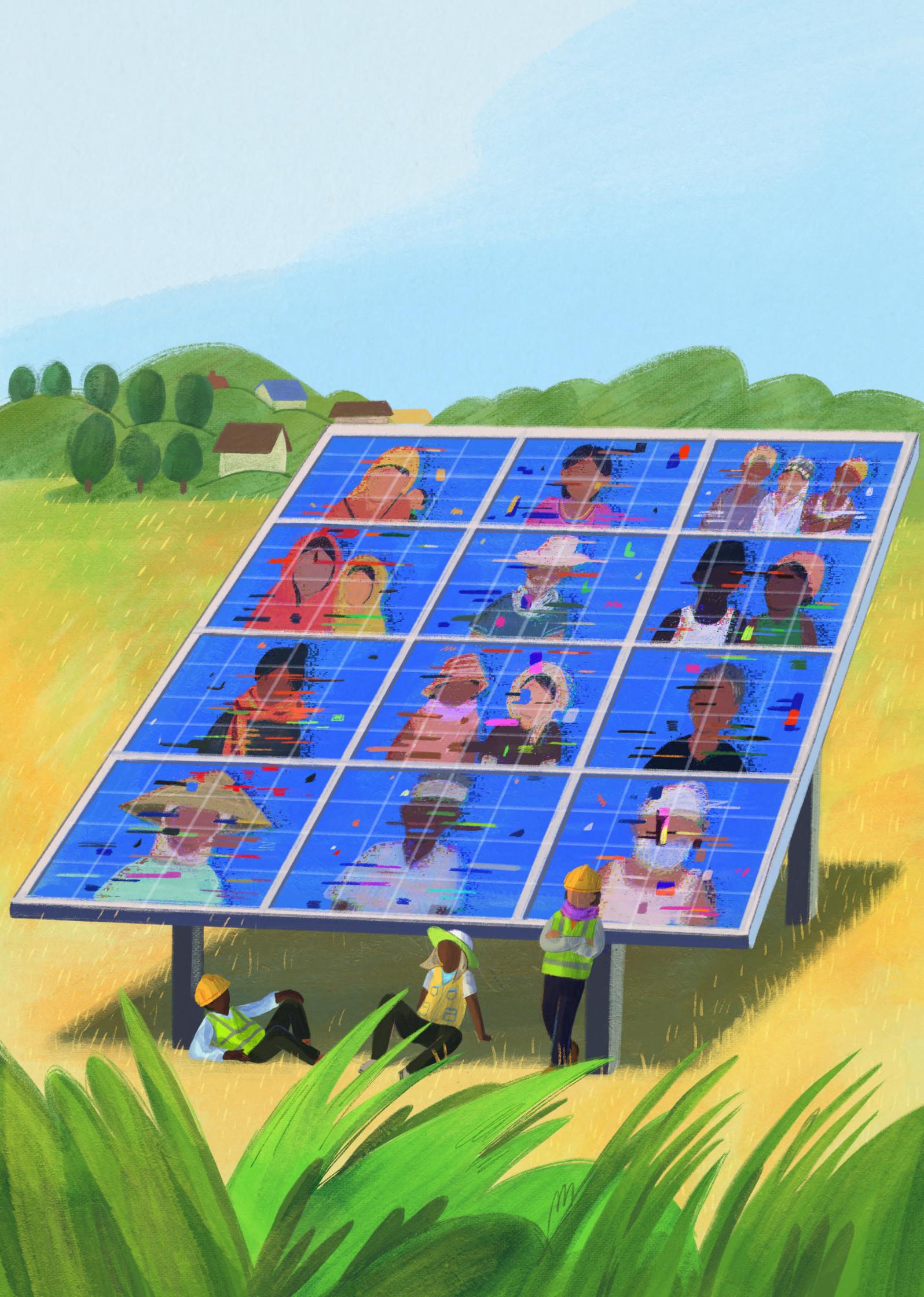
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GCF insight #20

GCF insight seeks to understand what's working - and what's not working - in Green Climate Fund (GCF) project development. This report, and the surveys and interviews that have informed it, highlight the most topical GCF issues. This twentieth edition discusses the challenges faced in ensuring effective stakeholder engagement and country ownership in GCF project design and development. It also presents suggestions for streamlining the processes and potential recommendations highlighted by stakeholders.

About E Co.

We specialise in designing low carbon, climate-resilient projects and programmes. For over 22 years, we've been providing technical expertise to help our clients solve climate adaptation and mitigation challenges and access project funding. We assess markets, develop strategies and formulate projects to provide long-lasting solutions for vulnerable populations worldwide.



Spotlight on stakeholder engagement and country ownership

Objective of this study and report

The objective of this survey is to uncover the struggles faced by project developers, surrounding stakeholder engagement and country ownership, when designing projects for the Green Climate Fund (GCF). By better understanding where the biggest hurdles lie, we hope to identify areas of frequent difficulty and possible ways to address them.

E Co. previously explored this topic in *GCF insight #10* published in 2018. In this report, we will compare and contrast results to see what has changed during this period as GCF project design has developed and E Co's readership expanded.

In brief, here's what we found from our study:

Respondents noted the following challenges and barriers to project design:

1. Accessing representative stakeholders
2. Gaining project buy-in
3. Limited knowledge of country context hinders effective engagement

Regular training and capacity building sessions combined with national level coordination and technical support would be beneficial.

As illustrated in our 10th *GCF insight* study, low institutional capacity remains the key barrier to enhanced country ownership.

Methodology

E Co. conducted this study in January 2022. It has been produced using primary data collection (a survey and semi-structured interviews) and desk-based research.

We received 79 survey responses and conducted 5 interviews with respondents with experience in GCF project design and development. Of our respondents, 49% were from Accredited Entities (21% from National Direct Access, 19% from International and 9% from Regional Direct Access), 33% represented consultants advising Accredited Entities or Nationally Designated Authorities (NDAs), 13% from NDAs, and the remaining 5% from other organisations. Around 47% of respondents work primarily in Africa, 25% in Asia and the Pacific, 20% in Latin America and the Caribbean and the remaining 9% elsewhere.

We asked stakeholders with relevant experience, including those engaged in GCF project development, about what stakeholder engagement and country ownership meant to them and how they incorporated it into their project design.



1 Stakeholder engagement

Stakeholder engagement can be difficult to define but according to GCF guiding principles, it includes a multi-stakeholder and pragmatic approach, incorporating gender and social inclusion and without conflict of interest. Respondents were asked to focus on the extent to which they engaged their stakeholders. We asked them to tell us, from their experience, what the most challenging aspects of achieving successful stakeholder engagement were, how they can be overcome and the support needed from the GCF.

Respondents raised three main challenges in relation to engaging stakeholders on GCF projects. These can be categorised as:

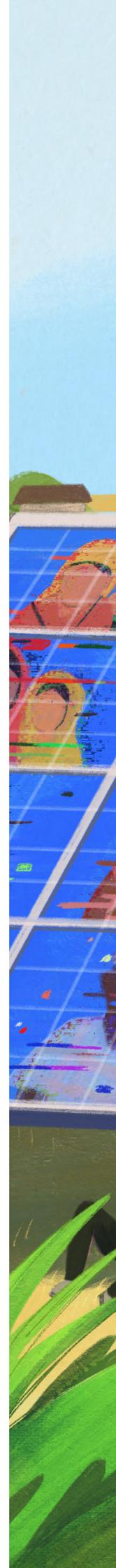
1. Gaining trust and/or buy-in
2. Accessing representative stakeholders
3. Lack of contextual knowledge

One respondent said they need help with the “identification of the right stakeholders, their comparative advantages and their needs” right from the beginning of the project design process. Another mentioned that “there should be a clear explanation of the purpose of stakeholder engagement to enable proper understanding, so that the right information can be obtained to guide the process.”

Successfully engaging different types of stakeholders was viewed as a challenge, with many noting that the same approach may not work for all groups. For example, an interviewee told us that the variety of multi-level stakeholders in their country often causes difficulty in the project development process, as “due to the multi-level stakeholders, there need to be tailored approaches.” In their experience, they found few challenges in engaging with development partners, NGOs and CSOs but other groups with lower awareness, such as the private sector and universities, were far more difficult to reach.

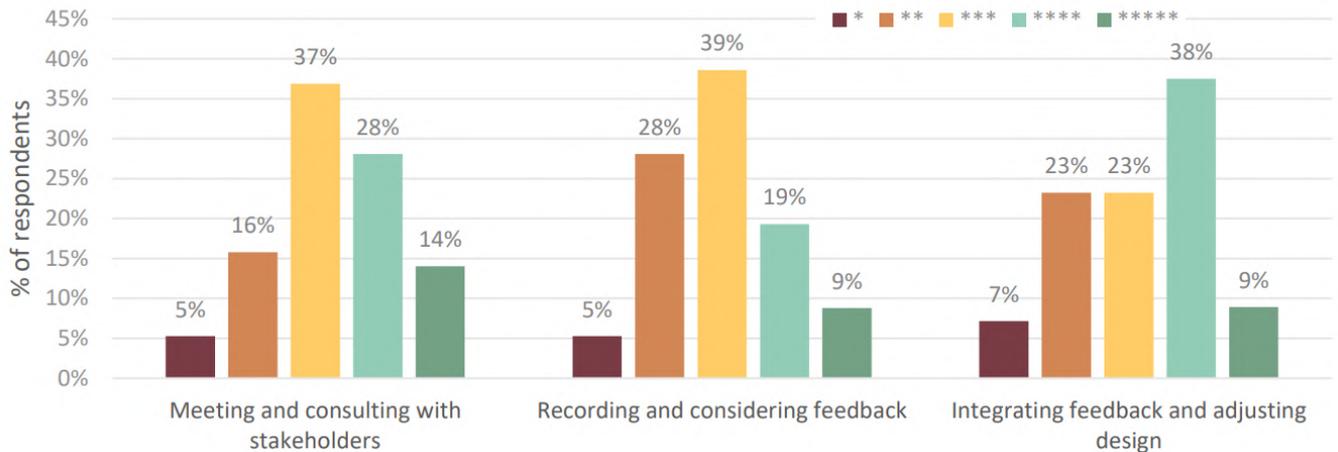
However, there appears to have been an improvement in stakeholder engagement in general, since our 10th *GCF insight* survey in 2018. **In both surveys, we asked respondents to rate typical projects they are aware of on the quality of stakeholder consultation, at the design stage, on three aspects:**

1. Meeting and consulting with relevant stakeholders
2. Recording and considering feedback
3. Integrating feedback and adjusting design



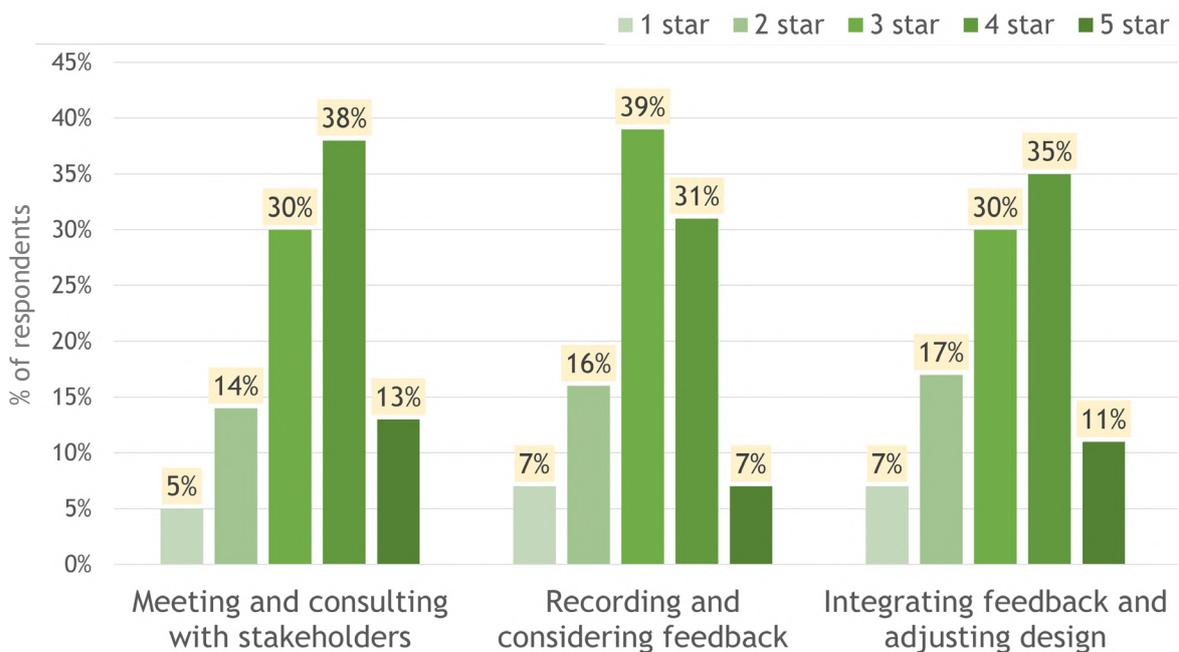
In our 10th *GCF insight*, as highlighted in the chart below, respondents gave an average star rating of three out of five for the first two categories and scored four for integrating feedback. This suggested room for improvement and a need to close the gap in the quality of engaging stakeholders earlier in the project design process.

Star ratings for engagement practices in project development (*GCF insight #10*)



The results from the more recent, 20th *GCF insight* survey, show a more positive trend, as highlighted in the chart below.

Star ratings for engagement practices in project development (*GCF insight #20*)



In the above graph, two of the three categories scored four out of five. On meeting and consulting with stakeholders, **38%** rated the process four stars compared with **28%** previously. On recording and considering feedback, **39%** provided the same three-star rating, but the proportion rating the process four stars increased from **19%** to **31%**. Finally, **35%** gave integrating feedback and adjusting design a four-star rating compared with **38%** previously, however higher ratings received a greater proportion compared to 2018.

Nonetheless, there are still opportunities to enhance stakeholder engagement throughout the project development process, as noted by respondents and interviewees. We asked what would be most helpful for them from the GCF to enable more effective stakeholder engagement and how the overall process could be improved. Training on how to engage stakeholders was the most popular answer (**25%** of respondents), followed by national level coordination (**23%**), improved stakeholder identification and more funding (both received **15%**), reliable communication (**14%**), and more staff and/or capacity (**8%**).

The need for national level coordination was repeated during interviews. A representative of a government from a Small Island Developing State (SIDS) told us that smaller nations need more assistance especially when capacity and resources are thin. They noted that although “Pacific coordinators for the GCF are great to work with”, more tailored technical assistance support is essential and that their needs and operations differ enormously compared to larger countries. This interviewee felt that a lack of support and understanding of local contexts, combined with the limited flexibility on GCF processes, hindered the ability to build an easy working relationship with the Fund, often driving them to explore other sources of adaptation financing.

Multiple respondents and interviewees noted that enhanced focus and oversight on stakeholder engagement from the GCF Secretariat would help to ensure that appropriate consultations occur. In the words of one interviewee, “This would avoid delays in project approval, especially where Civil Society Organisations (CSOs) need to intervene at board meetings when the issue of insufficient consultation is raised almost every time.” Guidance from the GCF on this requires additional support and resources in the short term but respondents felt that it would save time further in the process as questions and objections on stakeholder engagement during project review would greatly reduce.

2 Country ownership

While country ownership lacks a formal definition, it is typically understood to be the political support, active engagement and ‘owning’ of climate change-related initiatives that play a central role in achieving long term, transformational results. It is a core principle for the GCF, as explained in Board documents:

“The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders.”

In our 10th *GCF insight*, respondents provided their own perception of the core attributes of country ownership. They were:

1. Alignment with national priorities
2. NDAs taking ownership of the project
3. Local stakeholder engagement
4. Knowledge sharing

This time, we also asked survey respondents,
‘What does country ownership mean to you?’

Here are some of their responses:

“It means that a specific climate intervention has originated on the basis of national priorities, and has considered a participatory process with local stakeholders in its design.”

“Country ownership means that the engaged national relevant stakeholders have a clear understanding of: the GCF process, their roles, interests and accountability. It also refers to their capability to meet national climate resilience.”

“The country taking full responsibility for outputs and outcomes, and contributing to the achievement of these in terms of financial resources.”



‘What does country ownership mean to you?’

answers continued:

“Country ownership is the responsibility and commitment of a country (through its government, institutions, and policies) to ensure that the complete project lifecycle is aligned with its national climate goals (assuming that they correspond to its climate change contribution).”

“Country ownership means that all national stakeholders are in support of a project and they have been fully engaged in its preparation.”

“Projects must respond to questions raised in strategic policies and climate strategies of the beneficiary country, which support the transition towards low carbon and climate-resilient sustainable development.”

“It means taking direct control and full leadership on projects.”

“Alignment with national climate and development plans and strategies, buy-in by government, private sector and civil society, appropriate consultations, country-driven processes and ownership of resources, direct access to the appropriate level of resources, national project execution and delivery, developing and maintaining national capacity to program and implement climate finance projects and investments.”

“It means more than just giving paper support to the project, but creating the enabling conditions to participate, meaningfully collaborate and support the project actively.”

“Country ownership means demand-driven and needs-based; demand of the type of projects and needs coming from recipient, developing, and climate-vulnerable countries. Vulnerabilities and needs of the developing country should be addressed by the project through clear and convincing means.”

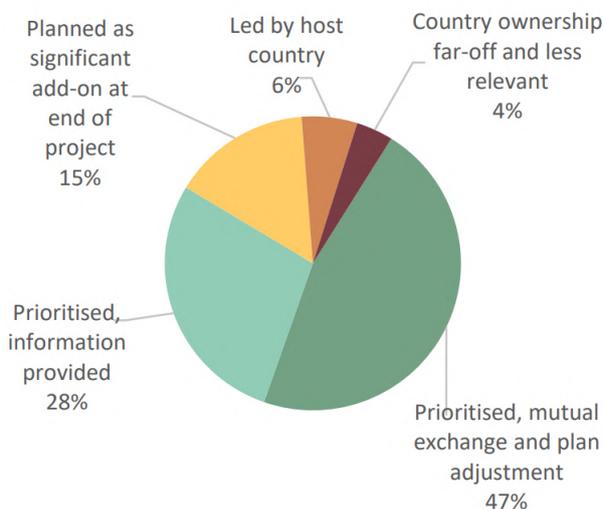


The GCF is explicit about the importance of country ownership. A country-driven approach ensures GCF activities are in harmony with national priorities; so how well do project developers currently engage with beneficiaries on country ownership?

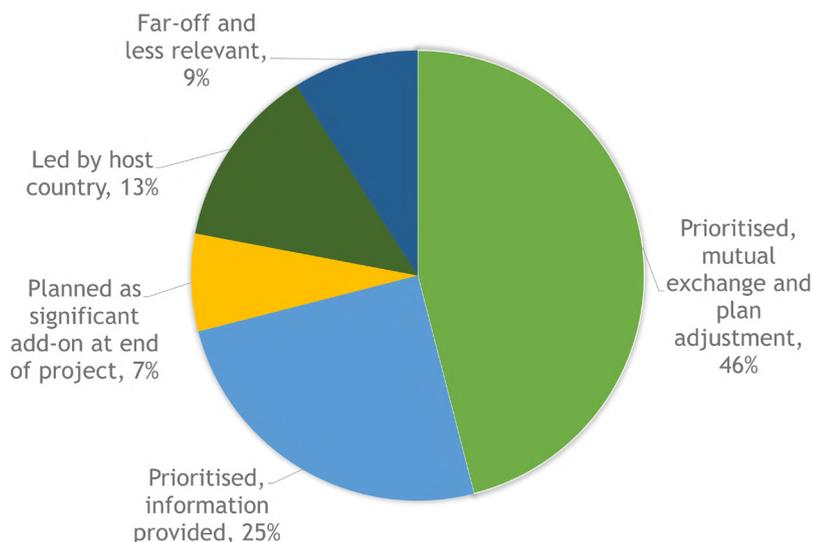
In our 10th *GCF insight*, we asked respondents about their experience in engaging with beneficiaries to enhance country ownership during the project design phase. The results, in the pie chart below, showed that **75%** prioritised and scheduled consultations, with **47%** of them ensuring a mutual exchange with beneficiary needs informing the project. The remaining quarter of respondents did not prioritise country ownership or only focused on it towards the end of the project design process, despite GCF best practices. Reasons for this included the fear of raising expectations early in the process that might not be met as the design progresses.

In our 20th *GCF insight* survey, there were similar results for those prioritising country ownership, with **46%** ensuring mutual exchange with beneficiary needs and **25%** prioritising it and scheduling consultations based on the need to deliver information. However, the figures relating to non-prioritisation differed. **13%** told us country ownership is led by the host country, more than double the previous score of **6%**. Less than half of the 2018 figure - **7%** - plan it as a significant add-on at the end. However, **9%** now see it as less relevant due to it being further down the timeline, compared to **4%** previously.

Stakeholder experience in engaging with beneficiaries for country ownership (*GCF insight #10*)



Stakeholder experience in engaging with beneficiaries for country ownership (*GCF insight #20*)



To better understand what continues to hold stakeholders back in the country ownership process, we asked them what the most significant barriers they face in the project design process are. Similarly, to the results from *GCF insight #10*, **69%** of respondents said low institutional capacity compared to **64%** previously. Around **14%** believe that requirements of the GCF exclude national stakeholders compared to **15%** previously, while **14%** cited low ambition compared to **8%** in 2018.

Several respondents mentioned barriers relating to length of time required to mobilise resources and a lack of knowledge of the best approaches to take. For example, one interviewee told us that their country is looking to prioritise climate projects that have a specific focus on improving health. However, they have limited understanding of how to present that argument in an attractive way to the GCF. They suggest that the Fund conduct a thematic sector call for proposals so projects can be screened very early on, and national stakeholders can be engaged from the outset. It is important to acknowledge that the Fund publishes Sectoral Guides to provide an overview of country needs and evidence-based programming experiences in specific sectors and continues to draft guidance in additional sectors.¹

An interviewee from a Pacific SIDS said education on fundamental GCF processes is vital to enhance capacity. They also suggested that having the same requirements for all countries causes inflexibility. They noted that SIDS - often having limited resources and much smaller populations - needing to adhere to the same processes as much larger countries found this difficult and suggested that the Fund “needs to be flexible in their requirements to suit the context of the country to ensure it is fit for purpose.” This point was echoed by survey respondents. One said, to improve country ownership required “continuous awareness raising, training and sensitisation to national stakeholders on project development and benefits of effective direct engagement with the GCF.” Others highlighted the importance of the roles of the NDAs and accredited entities by saying that “NDAs should inform and communicate with government institutions to explain the country benefits of the project and to have dialogues with Accredited Entities.”

Accountability of Accredited Entities to contribute to country ownership has been highlighted previously. We asked respondents the best way for the GCF to hold them to account; **56%** told us that they should assess stakeholder engagement throughout the project cycle, starting with conceptualisation, **26%** believe mandatory reporting on results of efforts to strengthen institutional and regulatory systems is necessary, and **17%** think the GCF should assess the quality and effectiveness of capacity building support provided by Accredited Entities.

¹ Publications cover various sectors, including agriculture and food security - <https://www.greenclimate.fund/document/sectoral-guide-agriculture-and-food-security>; Cities, building and urban systems - <https://www.greenclimate.fund/document/sectoral-guide-cities-buildings-and-urban-systems>; and Forests and land use - <https://www.greenclimate.fund/document/sectoral-guide-forests-and-land-use>. An introductory webinar on the draft Sectoral Guide for health and well-being is available at <https://www.greenclimate.fund/event/introductory-webinar-draft-gcf-sectoral-guide-health-well-being>



3 Looking ahead

The GCF wants to ensure that stakeholder engagement and country ownership lie at the heart of projects it approves. Taking into account the perspectives of all relevant groups and gaining the backing of national stakeholders is essential for a successful, impactful climate change project.

The survey and interviews that informed this report show progress since our previous publication on this topic. In particular, respondents appear to have learned more about effective stakeholder engagement and have improved their approach, especially on meeting and consulting with the necessary groups.

For the GCF's part, they have implemented new steps to ensure effective stakeholder engagement is a core element within project design. For example, previously it was not necessary to include a summary of consultations and stakeholder engagement plan as an annex to a project proposal, now it is required.

Given the dedication of the GCF to this topic and the steps in the right direction we have seen, we are hopeful the barriers project developers face now can be overcome in the near future. As one interviewee put it, "things just need to be more proactive as time is of the essence."

Respondents provided suggestions for better stakeholder engagement and country ownership going forward:

1. Capacity building sessions, whether via public webinar and training or private calls with the GCF;
2. Technical assistance and support to guide project developers;
3. Continued publication of resources (such as Sectoral Guides and best practices) and commitment to share that knowledge;
4. Increased flexibility that accounts for country context, rather than a blanket approach for all countries, especially in vulnerable regions where resources are limited;
5. Effective communication of guidelines on country ownership and, where possible, enhanced clarity of the guidelines.

About E Co.

We specialise in designing low-carbon, climate-resilient projects and programmes. For over 22 years, we've been providing technical expertise to help our clients solve climate adaptation and mitigation challenges and access project funding. We assess markets, develop strategies and formulate projects to provide long-lasting solutions for vulnerable populations worldwide.

Climate finance expertise

Our **99% success rate** in unlocking climate finance has led to the mobilisation of over USD \$1 billion of climate finance from global climate funds, including: GCF, GEF, Adaptation Fund and NAMA Facility. We are proud members of the [GCF Communities of Practice network](#).

Funders, project developers and local beneficiaries alike trust us to work on their projects and programmes. This spans public and private sector organisations, from National Designated Authorities (NDAs), multilateral development banks, Accredited Entities, to NGOs.

Clients include: AFD, AfDB, BOAD, EBRD, Enabel, FAO, GCF, GIZ, IUCN, NAMA Facility, NDC Partnership, PACT, UNESCO, UNDP, UNCDF and the World Bank.

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MOBILISED USD \$3.1 billion+
SPEAK 15+ languages
DEVELOPED 300+ projects

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- Your projects will be in safe hands. You can trust us to understand your needs and give your projects the due time and attention they deserve.
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- Market assessment
 - Strategy development
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For more information, or to speak to our consultants, contact us at:
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“We have 100% funding success with E Co.” - EBRD

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This report was independently developed by E Co. consultants

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About *GCF insight*

This survey and report is an initiative of E Co., emerging from work we are doing to develop low-carbon, climate resilient projects. E Co.'s team of consultants designed and administered the survey and prepared this report. E Co. has conducted this research independently and is not affiliated with the GCF, the GCF Secretariat or donors. The views expressed in this report are those of the authors and do not represent those of the GCF. Nothing in the interviews or any information or material relating thereto shall be construed as implying any official endorsement of or responsibility on the part of the Green Climate Fund.

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